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**Top Secret** 219

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 14 February 1978 CG NIDC 78/037C

NATIONAL SECURITY INFORMATION

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State Dept. review completed

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National Intelligence Daily Cable for Tuesday, 14 February 1978.

The NID Cable is for the purpose of informing senior US officials.

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ITALY: Interparty Compromise

*[redacted] As Italian Prime Minister - designate Andreotti opens a third round of interparty talks this week, he seems headed for a compromise agreement under which the Communists will give a new Christian Democratic government parliamentary support in exchange for concessions moving their party a step closer to a formal share of power. The main sticking point--one that could still derail Andreotti's efforts--continues to be the precise form Communist support for a new government might take.*

*[redacted] Andreotti's latest proposals to the Communist and other parties go considerably beyond his initial offer to negotiate a more detailed version of last summer's government program agreement--an idea that Communist chief Berlinguer*

quickly rejected. Andreotti's new offer includes several features that would give the Communists a broader and more formal role. The program agreement, for example, would be expanded to include at least some general references to foreign policy; and a parliamentary committee, including the Communists, would be set up to monitor the implementation of agreed legislation.

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Although it is assumed that the Communists would join the government in supporting such legislation in parliament, considerable controversy surrounds the question of how the Communists would vote on the new government's confidence motion. An affirmative vote by the Communists would be generally interpreted as making them a formal part of the government's parliamentary majority. This status, which traditionally marks a party's entry into what the Italians call the "governing area," has been Berlinguer's minimum condition for further cooperation.

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#### CHAD: Situation Report

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//The Chadian Government's position in the north continues to deteriorate. The garrison at Fada may have fallen to the Libyan-backed Muslim rebels, and the main relief force for Faya-Largeau apparently has turned back. The government is nevertheless reinforcing its other remaining post in the north. France is reported to have postponed the evacuation of French citizens from Abeche and is sending French troops there to protect them. Chad has asked the insurgents for a cease-fire.//

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//The US Embassy at Ndjamenia reports that the main body of the relief force heading for Faya-Largeau--the besieged main government garrison in the north--has apparently fallen back toward its base camp at Koro Toro. The vanguard of the relief column was able to reach the town late last week, but the main column apparently could not break through rebel lines.//

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although Faya-Largeau continues to hold out, government forces appear to have

adopted a passive stance--they have not made any attempts recently to counterattack the rebels or to secure the airfield. Chadian officers reportedly believe that Faya-Largeau may be able to hold out for another week.//

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[redacted] //French pilots, who have been flying Chad's AD-4 ground-attack aircraft on reconnaissance missions for Chadian relief columns en route to the embattled garrisons in the north, have refused to fly combat missions near Faya-Largeau. Two French-piloted Chadian transport aircraft have been shot down near there by the insurgents, who may be using SA-7 surface-to-air missiles. The resulting absence of close air support significantly reduces the chance that the government garrison at Faya-Largeau will be able to repel the attacking insurgent force.//

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[redacted] //On Saturday, the Chadian military dispatched troops, vehicles, and supplies by French transport aircraft to reinforce the garrison at Ounianga Kebir, the other remaining government post in northern Chad. The reinforcements were to have been sent earlier, but the flights were postponed because of sandstorms.//

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[redacted] //France, awaiting a reply by the rebels to Chad's call for a cease-fire, has postponed plans to evacuate French civilians from Abeche. The French apparently believe that an evacuation at this time would undermine the government's initiative and suggest a lack of confidence in the government's military position.//

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[redacted] //The French have taken steps to improve the security of their nationals in Abeche by sending a commando detachment to the city.

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[redacted] //Chad is continuing its efforts to acquire military aid. The government recently asked Gabon for the loan of two AD-4 aircraft, which Gabon had previously sent to Chad on an emergency basis. Gabon has not yet responded to the request.

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#### USSR: Oil and Gas Production

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*[redacted] The USSR is reducing considerably its press reporting of regional oil and gas production. Continued efforts to restrict these regional data will adversely effect both our ability to make energy production forecasts and the precision of our estimates.*

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*[redacted] Oil production in the older producing regions fell by 5 percent in 1977--from 6.7 million barrels per day to 6.4 million--more than the 3-percent drop planned. Only in the newer oil regions of the West Siberia economic region and the Komi Republic did production increase by more than the planned levels. National oil output rose to 10.9 million barrels per day in 1977, 100,000 barrels short of the original plan goal.*

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*[redacted] Gas production in Central Asia and the Ukraine apparently is also not holding up as well as planned, although very large increases in West Siberia allowed the national plan to be overfulfilled in 1977.*

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*[redacted] Oil and gas output in many key regions--such as the Urals-Volga area, the Ukraine, and Central Asia--is beginning to decline significantly, undercutting the additions by West Siberia. [redacted]*

#### USSR: Private Livestock Increases

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*[redacted] The Soviet campaign to increase livestock output from the private sector is beginning to pay off. The census of 1 January 1978 shows that the share of total livestock inventories held by private owners increased for the first time since 1965.*

Output of meat from the private sector also showed a sharp upturn in 1977. Favorable press coverage continues, and a government decree is reported to have ordered support for private farming.

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[ ] The private agricultural sector supplies over 25 percent of the USSR's total farm output, including more than 30 percent of its livestock products. Because it is considered ideologically inferior to the socialized or public sector, however, its official status has fluctuated over the years. After a series of average or above-average harvest years, when the leadership feels confident about the public farming sector, the private sector is repressed. After production setbacks, the leadership recognizes the need for the additional output of the private sector and promotes its existence.

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[ ] The persistent shortage of meat and dairy products following the poor 1975 harvest apparently was the impetus for the latest policy swing. Press articles in 1976 and 1977 not only officially sanctioned private farming but also promised aid, including the all-important provision of a steady supply of feed from state sources.

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[ ] The private sector has begun to respond to these official initiatives. The value of privately held livestock in 1977 increased by 5 percent over 1976, the first positive growth rate since 1970. Hogs have a relatively short gestation period and provide a good leading indicator of the private sector's direction. The number of privately held hogs was 24 percent larger in 1977 than in 1976.

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[ ] A London newspaper article last week by Soviet journalist Viktor Louis said an "official government bulletin" has been issued allowing private farming in the USSR, but so far it has not been published in the Soviet national press. According to the article, local authorities are being told to explore the possibility of higher quotas for privately held livestock; such quotas have remained unchanged since the mid-1930s.

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[ ] Moscow's decision to offset shortfalls in production from collective and state farms has received a mixed reception from local leaders. The Kazakh party newspaper reports that local leaders often "underestimate" the potential of private plots and do not provide the needed resources, while consumer cooperatives fail to buy the surplus produce. In Azerbaydzhan,

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the official newspaper noted that the expansion of private plots had led to abuses including the neglect of chores in the public sector and the raising of privately held livestock beyond the legal limits.

25X1 [ ] The current policy toward the private sector does not mean that Soviet leaders are now willing to sanction this activity permanently but that they regard it as a necessary evil. Although this initiative will ease shortages in the rural areas over the next year or two, it will do little to reduce severe shortages of meat in urban areas. In the longer run, a substantial diversion of state resources to the private sector would not be efficient. It is highly labor-intensive in a period when labor shortages loom, and it is unable to absorb major technological gains because of its small size. [ ]

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#### USSR: Award Ceremony for Kulakov

25X1 [ ] Differences between Soviet President Brezhnev and other top Soviet leaders about the relative standing of younger members of the Politburo seemed to emerge from the circumstances surrounding the presentation of an award to Central Committee secretary Fedor Kulakov on 9 February in honor of his 60th birthday. Media treatment of the presentation of the Hero of Socialist Labor award to Kulakov was unusually generous, but Brezhnev's remarks when he presented the award were noticeably cool.

25X1 [ ] The published greeting to Kulakov from central leadership bodies consisted of three paragraphs, instead of the usual two-paragraph official greeting given full Politburo members on their 60th birthdays, and his picture in the press was noticeably larger than that given to previous 60th-birthday celebrants.

25X1 [ ] The language of the greeting was more lavish than customary on such occasions and contained phrases normally reserved for 70th birthdays. In addition, a number of Kulakov's speeches were published to commemorate the occasion. No other Politburo member of his age group has been so honored.

25X1 [ ] These are significant deviations by this highly protocol-conscious regime, implying that Kulakov has outstripped other Politburo members of his age group. Later this month, another full Politburo member, Ukrainian party head Shcherbitskiy,

will celebrate his 60th birthday, and the attention he receives will provide further insight into the stature of the coming generation of Soviet leaders.

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[ ] Shcherbitskiy is a long-time protege of Brezhnev's, and the Soviet leader seemed to be favoring him by playing down Kulakov's accomplishments at the award ceremony.

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[ ] Brezhnev called Kulakov only an "agricultural expert" and seemed to allude to Kulakov's shortcomings in this capacity by stating that "any great task is bound to be beset with difficulties."

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[ ] Kulakov's narrow background as an agricultural specialist is his major liability as a contender in the succession. By playing on this theme, Brezhnev apparently meant to imply that Kulakov lacked the experience that a job with broader responsibilities would require.

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[ ] By contrast, in a speech last September, Brezhnev waxed eloquent about Shcherbitskiy's experience in "various sectors of party and government work" and drew attention to Shcherbitskiy's leadership experience by making a rare and complimentary reference to him as the "head" of the Ukrainian Central Committee.

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[ ] Kulakov attempted to correct the record by stressing in his acceptance speech that he had had a long party career with experience in "industry, economic, Komsomol, soviet, and party work" at every administrative level. He went on to note that he had spent 12 years "in the central headquarters of our party" and observed that "work in the Central Committee is the greatest school." The unspoken insinuation was that some of his Politburo peers, such as Shcherbitskiy--who has never had a Moscow job--were country cousins who lacked the experience at the center necessary for any serious contender for the succession.

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[ ] Brezhnev made no reference to his long personal association with Kulakov, again in contrast to his treatment of Shcherbitskiy last year. At that time, Brezhnev emphasized the old personal ties binding Shcherbitskiy to him by remarking that he himself, "perhaps even better than many other comrades,"

knew how well Shcherbitskiy performed his job, and he said further that he remembered well Shcherbitskiy's work "at the plant where I was also once employed."

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[ ] We may know more about the relative standing of Kulakov and Shcherbitskiy when Shcherbitskiy turns 60 on Friday. If precedent is followed, Shcherbitskiy will also be given a Hero award.

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[ ] Shcherbitskiy's case is atypical, however, because he already has two Hero awards--more than any of the other junior Politburo members thought to be potential successors to Brezhnev. If Shcherbitskiy now receives a third award, he will become the only Politburo member other than Brezhnev to have three Hero medals. A strong argument could be made for denying Shcherbitskiy an award that would enhance his position beyond that of his Politburo peers. [ ]

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